

## **NOMINATION AND REMUNERATION POLICY**

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**, as amended from time to time. This policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

### **OBJECTIVES OF THE COMMITTEE:**

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy;
- v. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

### **DEFINITIONS:**

- **“Board”**:-Board means Board of Directors of the Company.
- **“Director”**:-Directors means Directors of the Company.
- **“Committee”**:-Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **“Company”**:- Company means ‘Shree Pacetronix Limited’.
- **“Key Managerial Personnel”**:- Key Managerial Personnel (KMP) means-
  - Managing Director, Whole-Time Director, Chief Executive Officer, Manager;
  - Company Secretary; and
  - Chief Financial Officer
- **“Independent Director”**:- As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or under the Companies Act, 2013, ‘Independent director’ shall mean a non-executive director, other than a nominee director of the company:-
  - a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
  - b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
  - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

- c. who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
  - d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
  - e. who, neither himself, nor whose relative(s) —
    - i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
    - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
      - a) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
      - b) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
    - iii. holds together with his relatives two per cent or more of the total voting power of the company; or
    - iv. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
    - v. is a material supplier, service provider or customer or a lessor or lessee of the company;
  - f. who is less than 21 years of age.
- **“Senior Management”**:- The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

## **APPLICABILITY:-**

The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

## **CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:**

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

## **GENERAL APPOINTMENT CRITERIA:**

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, Independent Director KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other enactment for the time being in force.

## **ADDITIONAL CRITERIA FOR APPOINTMENT OF INDEPENDENT DIRECTORS:**

The Nomination and Remuneration Committee shall satisfy itself with regard to the independent nature of the Directors so as to enable the Board to discharge its function and duties effectively. Independent Director shall meet all criteria specified under the provisions of the Companies Act, 2013 and rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee shall consider qualifications for Independent Directors as mentioned in herein earlier under the head 'Definitions'.

## **TERM / TENURE:**

The Term / Tenure of the Directors shall be governed as per provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and rules made there under as amended from time to time.

## **POLICY ON BOARD DIVERSITY:**

The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales

and Marketing, Supply Chain, Research and Development, Human Resources etc. or as may be considered appropriate.

### **REMUNERATION CRITERIA FOR NON-EXECUTIVE DIRECTORS**

The Company doesn't pay any remuneration and/or Commission to the Non-Executive Directors.

The Company doesn't pay sitting fee for attending meeting of the Board of directors including committee meetings thereof.

The Company does not provides any ESOP, etc to its directors

### **REMUNERATION CRITERIA FOR THE EXECUTIVE DIRECTORS AND KMP:**

The objective of the policy is directed towards having a compensation philosophy and structure that will reward and retain talent. The Remuneration Policy of the Company for Director & Key managerial personnel is primarily based on the following criteria:

- Overall Performance of the Company, its divisions and units
- Track record, potential and performance capacity and capability of individual.

The Nomination and Remuneration Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, Key Managerial Personnel and Senior Management Personnel to the Board for their approval.

The remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the company and to provide quality required to run the company successfully. The relationship of remuneration and performance should be clear and meet appropriate performance benchmarks.

The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The Company doesn't pay sitting fee for attending meeting of the Board of directors including committee meetings thereof. The Company do not provides any ESOP, etc to its directors

### **CRITERIA FOR EVALUATION OF PERFORMANCE OF INDEPENDENT DIRECTORS AND THE BOARD OF DIRECTORS;**

#### **For Executive Directors:**

The criteria for evaluation of Executive Directors, inter alia, includes his ability to conduct meetings, ability to elicit inputs from all members, ability to table and openly discuss challenging matters, attendance at meetings, assistance to board in formulating

policies and setting standards, accessibility, ability to analyze strategic situations, ability to protect positive image of the Company, compliance with regulatory requirements, monitor the performance of management and satisfy himself with integrity of the financial controls.

**For Non-Executive Directors (including Independent Directors) :**

The criteria for evaluation of Non-Executive Directors, inter alia, includes attendance and contribution of Directors at Board and Committee meetings, study of agenda and active participation, discharge of other function and responsibilities prescribed under law, Monitoring the effectiveness of corporate governance practice, contribution to discussion on strategy, participate constructively and actively in committees of the Board, exercise of skills and diligence with due and reasonable care and to bring independent judgment to the Board, ability to bring in best practices from his/her experience, adherence to the code of conduct.

**For Board as a whole:**

The criteria for evaluation of the Board, inter alia, includes composition and diversity, induction programme, No. of meetings held, team work, performance culture, risk management and financial controls, integrity, credibility, trustworthiness, active and effective participation by members.

**REMOVAL:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable law, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**AMENDMENT**

Any change in the Policy shall, on recommendation of Nominations and Remuneration Committee, be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

**For SHREE PACETRONIX LIMITED**

ATUL KUMAR SETHI  
Managing Director  
(DIN- 00245685)